

OPERATIONS COORDINATING BOARD
Washington 25, D.C.

November 5, 1954

MEMORANDUM FOR MR. CLARENCE FRANCIS
SPECIAL ASSISTANT TO THE PRESIDENT

In accordance with earlier conversations and understandings and the responsibilities assigned by the President to the Operations Coordinating Board for coordinating programs set forth in NSC 5409, the Board considered at its meeting of November 3 problems presented in carrying out U.S. programs for military and economic assistance to Pakistan. The Departments of State and Defense in particular have requested an early decision with respect to the implementation of the U.S. assistance program for Pakistan in view of the urgent consideration set forth in NSC 5409 and the recent discussions with Prime Minister Ali on his visit to the U.S.

In line with my conversation with you, Mr. William G. Lodwick, Administrator, Foreign Agricultural Service, and Mr. Andrew N. Overly, Assistant Secretary of the Treasury, were invited to participate in the meeting of the Board for this matter. Mr. Lambie of your office was also present for the meeting.

The general question presented for the Board's consideration was whether foreign policy considerations required that the commodity aid program for Pakistan be entirely in the form of a grant. The Board concluded that it is highly important that a part of the commodity aid program to Pakistan be in the form of a grant, although it agreed that a part of the program should be provided under Title I provisions.

The Board has suggested an illustrative program along the following lines. The Department of State has indicated its willingness to undertake to negotiate with the Government of Pakistan a commodity aid program under Public Law 480, on a basis approximately as follows:

1. Procurement of military equipment and materiel under Section 104 c. of Public Law 480. The Department of Agriculture had initially suggested an amount of \$10 million for this category. The Board indicated its view that we should initiate discussions with a view to having a larger portion of the total in the form of military procurement under this section and suggests the amount of \$15 million.

NSC review(s) completed.

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2. **Agriculture Trade Development.** The Department of Agriculture suggestion of \$2 million for trade development was concurred in by the other Board members.
3. **Loans.** It was suggested that an attempt be made to negotiate commodity loans in the amount of \$10 million. This, as you know, would be in addition to \$20 million of FOA loans for assistance in economic development programs. The Board expressed its view that every effort should be made to negotiate these loans on a basis at least as liberal as any long-term dollar loans which might be considered for Pakistan from other sources. The Board noted the view of the Department of State that it would be extremely difficult to negotiate a loan in excess of this amount.
4. **Grants under Title II.** The view was expressed that in the light of serious shortages of food supplies and the recent major floods in Pakistan, that a case could be made for utilizing Title II in an amount of approximately \$10 million. There was general agreement with the position that the intent of the Congress was to utilize Title II for serious emergency situations, such as flood relief, drought relief, crop failure, and other emergency-type situations. The view was expressed that an amount of this magnitude for Pakistan would not be in violation of the legislative history or the intent of Congress in enacting Public Law 480.

/s/

Elmer B. Staats
Executive Officer

cc: Mr. Overby, Treas. Dept.
Mr. Lodwick, Agric. Dept.
OCB Assistants:
Mr. Bishop
Mr. Godel

Gen. Porter
Mr. Bundy
Mr. Koons
Mr. Schwarzwald

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